



1200 North Seventh Street, Harrisburg, PA 17102

**Meeting of the Board of Directors  
February 21, 2019 – 10:00 AM**

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A meeting of the Board of Directors was held on February 21, 2019 at 10:00 a.m. in the Boardroom.

***Those in attendance were:***

Representative Michael Peifer, Chairman  
Senator Wayne D. Fontana, Vice Chairman **(via teleconference)**  
Representative Angel Cruz **(via teleconference)**  
Representative Sheryl Delozier **(via teleconference)**  
Representative Anita Kulik **(via teleconference)**  
Representative Steven Mentzer  
Honorable Roy Reinard **(via teleconference)**  
Representative James Roebuck, Jr. **(via teleconference)**  
Representative Curtis Sonney **(via teleconference)**  
Chancellor Timothy R. Thyreen **(via teleconference)**  
Senator Robert M. Tomlinson **(via teleconference)**  
Noe Ortega, Deputy Secretary for Postsecondary and Higher Education **(via teleconference)**  
James H. Steeley, President and CEO  
Jim White, General Counsel

***Those absent were:***

Senator Ryan Aument  
Senator John P. Blake  
Representative Mike Carroll  
Senator Arthur Haywood  
Senator Vincent Hughes  
Senator Mario Scavello  
Secretary Robin Wiessmann  
Secretary of Education Pedro Rivera

***Also in attendance:***

Alycia Laureti, Representative Roebuck's office **(via teleconference)**; Patty Smith, Rock the Capitol; Tom Foley, Association of Independent Colleges and Universities (AICUP); Ed Haines, SAS; and the following PHEAA staff: Judith Bines, Nathan Hench, Keith New, Todd Mosko, Stephanie Martella, Mike Garman, Linda Randby, Amanda Foster, LaWanda Morris, Andrew Mehalko, Elizabeth McCloud, Will Lindsey, William Fisher, Dana Hepner, Jodi Shomper and Isaac Greene.

Upon establishing the presence of a quorum, Chairman Peifer said the first item was not on the agenda and he called on Mr. Nathan Hench to take a moment to welcome several new Board Members who joined us today. Mr. Hench thanked the Chairman and first welcomed Representative Angel Cruz who has been representing the 180th Legislative District in Philadelphia since 2001. Representative Cruz also serves as the Democratic Chairman of the



House Human Services Committee. Representative Cruz will serve the balance of the term that was recently vacated by Representative Paul Costa.

Mr. Hench continued and introduced Representative Anita Kulik on the phone, who has represented her constituents in Legislative District 45, which is part of Allegheny County, since 2017. She currently serves on the Consumer Affairs, Gaming Oversight, Liquor Control, and Veterans Affairs & Emergency Preparedness Committees. Representative Kulik has been appointed to serve the balance of the term vacated by Representative Matt Bradford.

And finally, Mr. Hench welcomed Representative Steven Mentzer who was present. Representative Mentzer was elected to represent the citizens of the 97th Legislative District in 2012. He currently serves on the House Aging and Older Adult Services, Tourism, Insurance, and Professional Licensure Committees. Representative Mentzer will serve the balance of the term recently vacated by Representative Bernie O'Neill.

Chairman Peifer thanked Mr. Hench, and said he has no doubt that the collective experiences of the three new Board Members will be a valuable asset as we all work together in the service of Pennsylvania's college-bound students and their families. Chairman Peifer then called up Agenda Item #1.

#### 1. **Minutes**

On a motion made by Representative Delozier and seconded by Vice Chairman Fontana, the minutes of the January 17, 2019 meeting and the corrected minutes of the October 18, 2018 meeting were unanimously approved.

Chairman Peifer called up Agenda Item #2.

#### 2. **Election of Board Officers**

Chairman Peifer called on Mr. Roy Reinard, who thanked the Chairman and reported that the Agency's Bylaws provide that the election of both Chairman and Vice Chairman of the Board and of the Executive Committee, all of whom are to serve for a term of one year to begin March 1, is to be held at the February meeting. In accordance with the Bylaws, the following nominations for those offices were submitted by the Nominating Committee at the Board's January 17, 2019 meeting. The Board received the nominations and by vote of the Board, the nominations were closed.

Chairman of the Board  
Vice Chairman of the Board

Representative Michael Peifer  
Senator Wayne D. Fontana

Chairman of the Executive Committee  
Vice Chairman of the Executive Committee  
Members of the Executive Committee

Senator Robert M. Tomlinson  
Representative James R. Roebuck, Jr.  
Representative Sheryl M. Delozier  
Senator Vincent J. Hughes  
Honorable Roy Reinard  
Chancellor Timothy R. Thyreen

Mr. Reinard said he would like to move that there be a motion to accept the election of the Chairman, Vice Chairman and Executive Committee. Representative Mentzer made a motion, seconded by Representative Delozier, and the motion was unanimously accepted.

Chairman Peifer thanked the Members and said that he appreciates all the time the Members put into helping the students and families in the Commonwealth, especially considering the many challenges that families face. Chairman Peifer noted that he looks forward to carrying on PHEAA's public service mission.

Chairman Peifer called up Agenda Item #3.

### **3. Committee Reports**

Chairman Peifer said that because Senator Hughes was in Appropriations Hearings and could not attend, he would like to call on Mr. Reinard to provide a report of the Audit Review Committee. Mr. Reinard thanked the Chairman and reported that the Audit Review Committee met yesterday afternoon, and that the first order of business was the adoption of the minutes for the meeting held on November 14, 2018.

As the second order of business, management presented the quarterly financial results and servicing audit updates. As the third order of business, the Committee entered Executive Session to discuss Legal, Ethics and Enterprise Risk, and Regulatory/Compliance matters. Continuing on to the fourth order of business, the Committee discussed Internal Audit matters.

The Committee then returned to Regular Session, approved a motion to move an audit to the 2019/2020 audit year and having no other business, questions or comments, the meeting was adjourned.

Hearing no questions, Chairman Peifer called on Senator Tomlinson to provide a report of the Executive Committee. Senator Tomlinson thanked the Chairman and congratulated Chairman Peifer on being elected Chair of the Board and he thanked the Board of Directors for their confidence in electing him to Chair the Executive Committee. Senator Tomlinson then reported that the Executive Committee did meet last evening and once a quorum was established, the Committee reviewed and adopted the minutes from the January 2019 Executive Committee meetings.

The Committee then moved into Executive Session to receive a security, privacy, compliance and litigation report from PHEAA's management, to consult with professional advisors and internal auditors regarding PHEAA finances, and to discuss Agency business, which if conducted in public, would lead to the disclosure of confidential information that is protected by statute.

Following the return to Regular Session, the Committee reviewed proposed changes to the Private Student Lending Credit Policy, specific to the Co-Approval Process Policy. The policy is related to the administration of the new PA Forward Student Loan Program. Upon the review of the proposed revisions, the Committee voted to adopt the changes.

Senator Tomlinson concluded his report and said he would be happy to answer any questions that the Board members may have.

Hearing no questions, Chairman Peifer thanked Senator Tomlinson for his service and time as a Board Member and a member of the Executive Committee, and for his continued service to the students and families of the Commonwealth. Chairman Peifer then called up Agenda Item # 4.

#### 4. Financial Update and Bond Defeasance Resolution

Chairman Peifer called on Mr. Andy Mehalko. Mr. Mehalko thanked the Chairman and began by referring the Board Members to the documents under Agenda Item 4 in BoardEffect. The first was a PowerPoint presentation, summarizing our results for the quarter and six months ended December 31, 2018, which was the focus of his comments.

Mr. Mehalko began on Slide 4, pointing out PHEAA's actuals to budget results for the six months ended December 31, 2018. About a third of the way down the page, Members could see operating revenues were \$237.5 million for the six months ended December 31, which is \$12.7 million lower than budgeted. Continuing about halfway down the page, operating expenses were \$254.3 million for the six months - \$36.1 million lower than budget. The next line down shows that, PHEAA's unrestricted operating loss for the six month period was \$16.8 million, \$23.5 million better than the projected budget loss of \$40.2 million. Moving down to the bottom of the page, Mr. Mehalko noted that after adding in PHEAA's restricted operating income of \$22.3 million, our consolidated operating income for the first six months of the fiscal year was \$5.5 million, which came in \$26.8 million better than the budgeted amount of a \$21.3 million loss.

Mr. Mehalko moved onto Slide 5, the waterfall chart showing a visual representation of PHEAA's actuals to budget performance for the six months ended December 31, 2018. Moving from left to right through the chart, the first column shows the budgeted operating loss of \$21.3 million for the six month period. The second column shows our unrestricted revenue came in \$12.3 million lower than budget; this was mostly due to lower than projected revenue on servicing fees and retention of collections on defaulted loans. In addition, investment income was lower due to market volatility with our funds invested at State Treasury. The third column from the left, Personnel, shows a favorable result compared to budget for personnel expense as a result of a lower than budgeted complement of 400 fewer employees and accounting changes to our annual leave accrual and payouts methodology. The fourth column, Professional Services, also shows a favorable result of \$18.9 million compared to budget due to several factors: spending on strategic projects to date is \$10.5 million less than anticipated, but expected to ramp up over the last six months of the fiscal year; legal fees and consulting fees have each come in \$2.1 million less than budgeted, and collection agency fees were down \$1.9 million due to lower than budgeted volumes of retention of collections on defaulted loans. The fifth column, Other Expenses, is \$2.5 million more favorable than expected, due to lower than anticipated IT costs. Columns 6 and 7, Net Interest Revenue, and Eliminations, came in a net \$3.4 million favorable to budget, due to lower than projected runoff of our student loan portfolio.

Slide 6 shows PHEAA's actual results for the six months ended December 31, 2018 and December 31, 2017. PHEAA's total operating revenues for the six months ended December 31, 2018 were \$237.5 million compared to December 31, 2017 at \$264.6 million - a \$27.1 million decrease. Total operating expenses for the six months ended December 31, 2018 were \$254.3 million compared to the December 31, 2017 at \$288.7 million, a \$34.4 million decrease. About two thirds down the page, Members will see unrestricted operating loss for the current six months ended of \$16.8 million compared to a loss of \$24.1 million for the December 2017 period. Mr. Mehalko stated that our consolidated operating income was \$5.5 million for the six months ended December 2018 compared to \$7.0 million for the six months ended December 2017.

Slide 7 is the waterfall chart showing the changes in consolidated operating income from December 31, 2017 at \$7.0 million in Column 1 to December 31, 2018 at \$5.5 million in Column

6. Moving from left to right, Column 2 shows PHEAA's unrestricted revenue for the quarter was \$27.1 million lower than the six months ended December 31, 2017. The primary drivers for this decline are continued runoff of the commercial servicing portfolio, reducing servicing fees by \$9.1 million, and reduced retentions of collections on defaulted loans of \$10.9 million during the first six months of the current fiscal year compared to last fiscal year. In addition, due to market volatility during the six months ended December 31, 2018, our returns on investments held by the State Treasury were \$5.4 million lower than the prior year six month period. Column 3, Personnel Expenses, shows a \$28.8 million decrease in expense from the prior year six month period. This was due to a number of items relating to salary and benefit costs, including a \$13 million decrease in pension expense; a \$10 million decrease in our sick leave payout and annual leave accrual methodology; a \$4.7 million decrease in overtime pay; a \$4 million decrease due to a lower agency complement of over 400 staff; and a \$4 million decrease in contractor costs compared to the six month period ended December 31, 2017. These decreases were offset in part by a \$6.7 million increase in the OPEB expense that was not being recorded for the six month period ended in December 2017. Column 4, Other Operating Expenses, which includes professional services, IT and other operating expenses, were \$5.6 million lower than the prior year six month period. The decrease in these expenses was driven by lower outside legal fees, outside collection agency fees, and consulting fees. These decreases were offset by an increase in outsourced processing fees and IT costs. Column 5 shows our net operating income on restricted funds decreased \$8.8 million for the six months ended December 31, 2018 compared to December 31, 2017. This decrease was due to the continued runoff of our student loan holdings, accounting for a \$6.7 million decrease plus \$2.8 million of costs of issuance associated with the October 2018 PSLT 2018-1 transaction. The result of these changes is a \$1.5 million decrease in consolidated operating income from \$7.0 million at December 31, 2017 to \$5.5 million at December 31, 2018.

Mr. Mehalko continued, and said that Slide 8 is PHEAA's rolling 5 quarters of performance for the Board's reference. He pointed out that about a third of the way down the page, the Board can see PHEAA's total operating revenues continue to decline due to the runoff of the commercial servicing portfolio, a flat Direct Loan portfolio and reduction of collections on defaulted loans. In addition, PHEAA's total operating expenses have continually declined over the rolling 5 quarters, due to reduction in the agency complement. Referring to the bottom of the page, Mr. Mehalko said that PHEAA's restricted operating income has continually declined over the rolling 5 quarters due to the runoff of our student loan holdings, as previously mentioned.

Slide 9 is PHEAA's condensed balance sheet. At December 31, 2018, our total assets were \$5.4 billion compared to \$5.7 billion at Fiscal Year End June 30, 2018, a decrease of \$228.4 million. This was due to the continued runoff of our student loan portfolio of \$377.8 million, offset by an increase in cash and investments of \$153.1 million from the Commonwealth of Pennsylvania for the spring semester state grant disbursements. Total liabilities at December 31, 2018 were \$5.1 billion compared to \$5.4 billion at June 30 - a decrease of \$339.9 million, mostly due to pay downs on our student loan trust bonds payable from student loan repayments. Under net position, our total net position increased to \$348.2 million at December 31, 2018 compared to \$221.5 million at June 30. This was due to the timing of grant funds received from the Commonwealth for the State Grant Program. PHEAA's unrestricted net position decreased \$66 million to a negative \$310.3 million from a negative \$244.4 million at June 30, 2018. This decrease was driven mainly by PHEAA's transfer of \$68.0 million of unrestricted reserves to supplement the State Grant Program funding.

Mr. Mehalko said that the quarterly financial statements are included in Members' packets, and state that yesterday, during the Audit Review Committee meeting, Financial Management staff discussed key areas of accounting and financial reporting judgement were reviewed. There were no significant accounting developments or changes to key estimates from what was reviewed with the Audit Review Committee in prior quarters. Ernst & Young has completed their review of quarterly report with no significant comments, and we plan to finalize the unaudited financial statements today and post them to the investor relations section of our web site today.

Mr. Mehalko concluded his remarks and offered to take any questions that Board Members may have regarding PHEAA's unaudited quarterly financial report for December 31, 2018 before moving onto the next item. Hearing no questions, Mr. Mehalko asked the Members to turn their attention to the next attachment in their packets, a memo referencing an "Annual Municipal Bond Disclosure Continuing Certificate." The certificate is to ensure the Board of Directors is aware of PHEAA's requirements under the Rule 15c2-12 of the Securities Exchange Act of 1934 and that the certificate has been signed by the CFO and filed in a timely manner. Hearing no questions, Mr. Mehalko asked the Members to their attention to the next attachment under Agenda Item #4, a memo and resolution regarding the defeasance of the Agency's 2012 Capital Acquisition Refunding Bonds (2012 Bonds), of which \$14,015,000 principal amount is currently outstanding. The Agency would enter into an escrow agreement with M&T Bank to provide for the payment of principal of the redemption price of the 2012 Bonds from the date of defeasance through the date such 2012 Bonds are called for redemption.

Chairman Peifer explained that the Bonds are for the Headquarters building and parking garage and that by accepting the resolution, we would simply be paying off our mortgage on our building. By taking this action, we would be taking debt off our books. Hearing no questions, Vice Chairman Fontana made the motion to accept the Resolution and Representative Mentzer seconded, and the resolution was unanimously adopted and is attached to these minutes.

Hearing no questions, Chairman Peifer called up Agenda Item #5.

##### 5. **2019-2020 Commonwealth Appropriations**

Chairman Peifer called on Mr. Nathan Hench. Mr. Hench thanked the Chairman and began by stating that the Board may recall in the fall of 2018 that the Board approved a budget request for the various programs that PHEAA supports. The Board will find in their material that a memo from Mr. Steeley that outlines the 2018-19 Budgeted amounts, 2019-2020 PHEAA request as compared to the Governor's proposed budget for 19-20. Mr. Hench then walked thru each of the programs that PHEAA receives Commonwealth funding and noted that the largest dollar and percentage increase was afforded to the PA State Grant Program at 13.5%. These increased dollars are not enough to maintain the current maximum aware of \$4,123. Mr. Hench noted that as the budget process unfolds in the General Assembly additional conversations will be had as final program demands are determined and aligned with allocated resources. Mr. Hench also called attention to the PA-TIP program and the Primary Health Care Practitioner Loan Repayment Program and said that Governor Wolf is recommending that these be moved to the Commonwealth's ledger and no longer rely on PHEAA resources. Mr. Hench concluded and deferred to Mr. Steeley. Mr. Steeley said that he was pleased with the Governor's budget proposal – while it is not the full amount that PHEAA has asked for, it is a step in the right direction. Mr. Steeley then shared with the Board that the previous supplements including the supplement for 2018-19 has been afforded by depleting PHEAA's reserves and that for 2019-

2020 he is recommending that PHEAA not allocate any new dollars for public service. Hearing no questions, Chairman Peifer moved to agenda item number 6.

**6. President and Chief Executive Officer's Report**

Mr. Steeley called on Mr. Hench to provide an update on the TEACH Grant program. Mr. Hench thanked Mr. Steeley and began by saying that the TEACH Grant program is a federally funded Federal Student Aid program that PHEAA services. The program provides up to \$4,000 in awards to recipients who intend to teach in school districts that have a difficult time hiring teachers. PHEAA became the sole servicer of the program in August 2013. Mr. Hench explained that TEACH Grants convert to Direct Unsubsidized Loans if any of the service obligations are not met, including certification being received on time.

With that, Mr. Hench introduced Mr. Isaac Greene, Public Affairs Program Manager, for details on some of the changes with the TEACH Grant program. Mr. Greene said that PHEAA has converted over 56,000 recipients, 900 of whom were Pennsylvania residents, since 2013 for their failure to meet the program guidelines as outlined by the regulations. PHEAA has also reviewed over 11,000 complaints and disputes regarding those conversions.

On January 31, 2019, the U.S. Department of Education (DOE) announced a process through which certain recipients whose TEACH Grants were converted to loans can request reconsideration of those conversions. Recipients are eligible to request reconsideration if they met or are meeting the TEACH Grant service requirements within the eight-year service obligation period, but had their grants converted to loans because they did not comply with the annual certification requirement. PHEAA received instruction and submitted a cost proposal through FSA Change Request 4909.

The DOE communicated potential eligibility to 16,000 recipients and selected approximately 800 recipients for automatic reinstatement of their grant status. Since February 1 through February 12, PHEAA has received over 3,200 calls, 1,700 emails and 1,600 reviews for reinstatement were submitted, which PHEAA is being compensated for. If approved, these recipients will no longer be required to repay the Direct Unsubsidized Loans that were previously converted to TEACH Grants, and PHEAA will make the appropriate adjustments to their account to ensure that they receive credit for any payments made on those loans. Recipients will then be required to satisfy their original service obligation or risk conversion to a loan again.

Hearing no questions for Mr. Greene, Chairman Peifer said that it is important to connect borrowers with forgiveness - it is extremely important to Pennsylvania families especially given PHEAA's mission.

**7. Entry of Additional Orders of Default**

Chairman Peifer called on Mr. Steeley, who reported that there are several orders of default that require Board action. The borrowers outlined on the attached spreadsheet have been notified several times by PHEAA that they need to repay certain obligations to the Agency. In all of these cases, recipients received a grant for college but did not fulfill their obligations for receiving the grant. Board action is necessary in order for PHEAA staff to continue to attempt to collect on these grants - now converted to loans – as required by the program's statutes.

Mr. Steeley suggested to Chairman Peifer that the Board adopt the attached resolution in order to authorize PHEAA staff to continue to collect on the loans.

Hearing no questions, Chairman Peifer called for a motion to adopt the Order of Default Resolution, as presented. Representative Mentzer made the motion, seconded by Senator Fontana, and the Resolution was unanimously adopted and is attached to these minutes.

Chairman Peifer called up Agenda Item #8.

8. **Other Business**

Senator Fontana thanked the Board for electing him as Vice Chairman of the Board of Directors and he looks forward to working with Chairman Peifer, PHEAA Management and colleagues as we continue to find new ways to improve access to higher education to the students and families of the Commonwealth. Chairman Peifer said that that Board also appreciates Senator Fontana, along with his historical knowledge of this agency.

Hearing no other business, Representative Mentzer made the motion, seconded by Representative Delozier, and Chairman Peifer adjourned the meeting.

**RESOLUTIONS OF THE BOARD OF DIRECTORS  
PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY  
ADOPTED FEBRUARY 21, 2019**

WHEREAS, the Pennsylvania Higher Education Assistance Agency (“Agency”) has determined that it would be advisable at this time to authorize the President and Chief Executive Officer of the Agency to do all things necessary and convenient to accomplish the defeasance of the \$14,015,000 principal amount currently outstanding of the Agency’s Capital Acquisition Refunding Bonds, Series of 2012 (the “2012 Bonds”) at such times and upon such terms as he, in consultation with the Revenue Bond Committee, deems to be appropriate;

NOW, THEREFORE, BE IT RESOLVED, that the President and Chief Executive Officer of the Agency is hereby authorized and directed to cause the outstanding 2012 Bonds to be defeased and retired from funds of the Agency;

FURTHER RESOLVED, that the President and Chief Executive Officer or any other officer of the Agency or their designees be, and they hereby are, authorized and directed, for and on behalf of the Agency to, among other things:

Negotiate, enter into, and perform under an escrow agreement (the “Escrow Agreement”) with Manufacturers and Traders Trust Company as escrow agent (the “Escrow Agent”) to provide for the deposit and investment of funds to provide for the payment of interest on the 2012 Bonds and the payment of principal of or redemption price of the 2012 Bonds from the date of defeasance through the date such 2012 Bonds are called for redemption;

contract with PFM Asset Management LLC. as investment advisor with respect to any applicable investments;

to negotiate for or otherwise determine to acquire, and to cause the purchase or other acquisition of such investments deemed necessary or desirable, and permitted by the Indenture pursuant to which the 2012 Bonds were issued (the “2012 Indenture”);

to cause to Stevens & Lee, P.C., to deliver any and all legal opinions necessary and desirable, to cause the 2012 Bonds to be deemed to no longer be “outstanding” for purposes of

the 2012 Indenture upon the deposit of the applicable funds and investments pursuant to the Escrow Agreement;

to contract with an appropriate person or party to prepare any applicable defeasance reports (verification report) as may be necessary or desirable to cause the 2012 Bonds to be deemed to no longer be “outstanding” for purposes of the 2012 Indenture upon the deposit of the applicable funds and investments pursuant to the Escrow Agreement;

contract with trustee(s), paying agents, tender agents, arbitrage and rebate consultants, and any other persons not appointed by the Board of Directors, from time to time, in order to accomplish the defeasance and redemption of the 2012 Bonds and all other purposes of these resolutions;

negotiate with any applicable ratings agencies, and enter into agreements setting forth the terms and conditions for obtaining ratings (public or otherwise) of the defeased 2012 Bonds, and to withdraw any issuer rating of the Agency, if necessary or desirable;

negotiate, enter into and deliver, and perform under (as applicable), from time to time, any and all documents, instruments, agreements and certificates as may be appropriate or necessary to accomplish the defeasance and redemption of the 2012 Bonds;

cause the defeasance of the 2012 Bonds; at such time(s) and from time to time and with such terms and conditions as the President and Chief Executive Officer shall approve, the execution and delivery of any applicable agreements, certificates, or other instruments, execution thereof to constitute conclusive evidence of such approval; and

cause to be paid from funds of the Agency the costs of the defeasance of the 2012 Bonds and the costs incurred in accordance with these resolutions, from time to time and any and all related costs.

**FURTHER RESOLVED**, that the documents, instruments, agreements and certificates necessary to effectuate the transactions contemplated by subparagraphs (1) through (10) are collectively referred to herein as the “Financing Documents” and shall be in-form and substance satisfactory to the President and Chief Executive Officer, the Agency’s Chief Legal Officer, and

the person executing the same at the time of delivery, execution and delivery thereof to constitute conclusive evidence of such approval; and

**FURTHER RESOLVED**, that the President and Chief Executive officer, and the Agency's Chief Financial Officer, or their respective successors (each an "Executive Officer" and collectively the "Executive Officers") be, and each of them hereby is (1) authorized to execute, acknowledge, attest and deliver each of the Financing Documents and any other documents, agreements, instruments and certificates related to the defeasance of the 2012 Bonds, from time to time, in the name and on behalf of the Agency and to acknowledge the same to be the act and deed of the Agency; (2) authorized and directed to affix the seal of the Agency to each of the Financing Documents and any other documents, agreements, instruments and certificates related to the issuance and sale of the defeasance of the 2012 Bonds when so executed, and to attest to the same, and said officers or any of them be; and (3) authorized and directed to deliver the Financing Documents and any other documents, agreements, instruments and certificates related to the defeasance of the 2012 Bonds to the other parties thereto; and

**FURTHER RESOLVED**, that the President and Chief Executive Officer, and any Executive Officer, or his designee be, and they hereby are, authorized to cause the transfer of funds of the Agency to the proper accounts under any indentures, agreements, documents and instruments evidencing or required in connection with the defeasance of the 2012 Bonds, in the amounts required by the applicable Financing Documents; and

**FURTHER RESOLVED**, that the President and Chief Executive Officer, or any Executive Officer be, and they hereby are, authorized to execute any and all financing statements required in order to perfect or release any security interests granted by the Financing Documents, as applicable, and to cause such financing statements to be filed with the appropriate filing offices; and

**FURTHER RESOLVED**, that the President and Chief Executive Officer and any Executive Officer or their respective designees be, and they hereby are, authorized to do all other acts necessary to negotiate, prepare, execute and deliver all other agreements, certificates, documents and instruments required to be performed, executed or delivered by the Agency

pursuant to the terms and provisions for the Financing Documents or otherwise in connection with the defeasance of the 2012 Bonds from time to time; and

**FURTHER RESOLVED**, these resolutions shall become effective immediately; and

**FURTHER RESOLVED**, in the event any provision, section, sentence, clause or part of these resolutions shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of these resolutions, it being the intent of the Agency that such remainder shall be and shall remain in full force and effect; and

**FURTHER RESOLVED**, all resolutions or parts of resolutions inconsistent herewith are expressly repealed hereby.

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**Resolution of the Board of Directors  
Pennsylvania Higher Education Assistance Agency  
Order of Defaults  
Adopted February 21, 2019**

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*WHEREAS, Act 102 of 1982 authorized an Administrative Loan Collection Process for the Pennsylvania Higher Education Assistance Agency, including use of a Statement of Claim; and*

*WHEREAS, this legislation provides that the Agency "may initiate action against borrowers whom it deems to be indebted to it by filing a statement of claim in the records maintained by the Agency"; and*

*WHEREAS, a Statement of Claim has been filed against each of the borrowers whose names appear on the List of Recommended Cases for Entry of an Order of Default dated February 21, 2019; and*

*WHEREAS, a summary of the Statement of Claim has been served on each such borrower by first-class mail in compliance with the requirements of Act 102; and*

*WHEREAS, 30 days from the date of service have elapsed and none of these borrowers has filed a response to the Statement of Claim as required by Act 102; and*

*WHEREAS, the President and Chief Executive Officer has recommended to the Board of Directors of the Agency that an Order of Default against these borrowers be entered by the Board to be lodged in Agency records;*

*NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Pennsylvania Higher Education Assistance Agency enters an Order of Default to be lodged in Agency records against each borrower whose name appears on the List of Recommended Cases for Entry of an Order of Default dated February 21, 2019.*